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TELEGRAM

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From: AMEMBASSY BANGKOK (BANGKOK 1144 - PRIORITY)

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Captions: SENSITIVE

Subject: JANUARY 30 ASEAN-U.S. DIALOGUE MEETING IN BANGKOK

Ref: BANGKOK 935

1. (U) Summary: U.S. and ASEAN Senior Officials discussed a broad range of regional and global issues during the 17th U.S.-ASEAN Dialogue on January 30 in Bangkok. Discussions covered security issues such as counter-terrorism, Iraq and the Middle East, North Korea, and non-proliferation; transnational issues such as drugs, trafficking in persons, money laundering and corruption; economic/trade issues; and U.S.-ASEAN relations. Vietnam proposed that ASEAN and the U.S. begin cooperative activities on maritime security as soon as possible, an idea echoed in the Joint Press Statement. The U.S. reiterated its support of the ASEAN Regional Forum (ARF) and the creation of a unit within the ASEAN Secretariat to support the ARF chair and regional security cooperation. Both sides agreed on the importance of joint action against transnational crime, including TIP, and the U.S. noted that it will soon support TIP programs in all ASEAN countries, including Burma. Government officials and the private sector had a useful exchange on the robust U.S. - ASEAN economic relationship and development assistance under the ASEAN Cooperation Plan, and supported intensified efforts to move ahead on the Doha Round of WTO negotiations. The two sides agreed to meet again before the end of the year. Discussions were wide-ranging and constructive, underscoring strengthening U.S.-ASEAN ties. End summary.

2. (U) Participants: EAP Assistant Secretary Kelly led a delegation that included USAID/ANE Acting Assistant Administrator Gordon West, and officials from State, USAID, Commerce and Embassy Bangkok. The ASEAN side was led by Thai Ministry of Foreign Affairs Permanent Secretary Tej Bunnag, and included senior officials from all ten ASEAN member countries and the ASEAN Secretariat. Private business representatives and business groups (US-ASEAN Business Council, the ASEAN Business Advisory Council and the ASEAN Chamber of Commerce and Industry) participated in the

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Dialogue's plenary session on trade and economic issues.

Global and Regional Security Issues

3. (U) Terrorism: Permanent Secretary Tej Bunnag noted that Thailand and ASEAN have stepped up their CT measures, in cooperation with the U.S., APEC, the UN, and others. ASEAN's work program includes ratification of all UN conventions on CT, intensifying information exchange, and work with the 3 (China, Japan and Korea). Tej noted the recent arrest of Hambali as a good example of cooperation with the U.S.

4. (U) Assistant Secretary Kelly noted U.S. interest in working with ASEAN and other multilateral organizations to complement our bilateral efforts on CT. The U.S. wants to intensify cooperation with ASEAN to improve maritime security, and is prepared to help develop the capability of the ASEAN Secretariat to implement CT programs. The U.S. also supports the SEARCCT center in Kuala Lumpur. A/S Kelly reiterated the USG's readiness to assist ASEAN members in improving their anti-money laundering and counter-terrorist financing capacities, and urged all ASEAN members to sign and ratify the UN convention on the suppression of terrorist financing.

5. (U) Middle East: Assistant Secretary Kelly's remarks on Iraq/Middle East issues and the Malaysian response are reported reftel.

6. (U) Korean Peninsula: Assistant Secretary Kelly told his ASEAN colleagues that the DPRK's pursuit of nuclear weapons remains a serious threat. The U.S. goal is the complete, verifiable and irreversible de-nuclearization of the Korean peninsula through diplomacy, but all options are on the table. This is not an issue solely between the DPRK and the U.S., and we are convinced that multilateral cooperation with North Korea's neighbors is the best approach. It is important for the DPRK to realize that nuclear weapons do not offer security to small states.

7. (U) Assistant Secretary Kelly noted the lack of an established Northeast Asia multilateral mechanism to address security and other issues of concern in that region. For now, the six party talks are the best prospect for progress on the Korean Peninsula, but in the future this process might develop, perhaps with additional participants, into a forum

for discussion of other issues in Northeast Asia.

8. (U) Susan Castrence, Director General for ASEAN Affairs at the Philippine Department of Foreign Affairs, noted that

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President Arroyo articulated the ASEAN position supporting resolution of the DPRK nuclear weapons program. She further noted that the Philippines, as a new UNSC member, is prepared to take up this issue if it comes before the UN Security Council but prefers ongoing diplomacy to UNSC action. Permanent Secretary Tej expressed ASEAN's interest in being kept informed on six-party developments.

9. (U) Political and Security Issues: Dian Triansyah Djani, Deputy Director General for ASEAN in the Indonesian Ministry of Foreign Affairs, described the Bali Concord II, adopted by ASEAN leaders at their October summit, which established the ASEAN Security Community. Djani also noted the growing number of Dialogue Partners acceding to the Treaty of Amity and Cooperation (TAC) (i.e., China, with Japan, Russia, India and Korea to accede soon), and expressed ASEAN's hope that all ASEAN Dialogue partners would accede to the TAC. Mr. Kelly noted that we continue to have questions on the rights and obligations of parties to the treaty, but these would in no way affect our cooperation with ASEAN.

10. (U) Assistant Secretary Kelly said the U.S. will follow development of the ASEAN Security Community with great interest. He underscored our desire to work with ASEAN to strengthen the ARF, including through creating an ARF unit within the ASEAN Secretariat to provide support to the ARF Chair. He also noted the importance of the upcoming ARF CT meeting in Manila and underscored the need for an ARF Ministerial statement that continues to support de-nuclearization of the Korean peninsula. Mr. Kelly described the Proliferation Security Initiative (PSI) and urged ASEAN members to endorse the PSI Statement of Principles. A/S Kelly briefed ASEAN on the U.S. Global Defense Posture review, emphasizing that the U.S. will consult with our friends on changes in our global defense posture and that any changes would be consistent with our existing commitments. Singapore's delegation leader Tan Chin Tiong welcomed suggestions on how to move the ARF forward. He noted that Singapore supports PSI.

11. (U) Vietnamese Assistant Minister of Foreign Affairs Nguyen Trung Thanh proposed that ASEAN and the U.S. begin consultation as soon as possible on maritime cooperation in order to generate specific & real activity. Thanh said he was reassured that the U.S. approach to regional security issues was not unilateral. He noted that the U.S. has a role to play in peace, security and stability of Southeast Asia. He noted that Vietnam has consulted with the U.S. on strategic issues, and is ready to elevate that Dialogue. Addressing U.S. concerns on the TAC, Thanh said that other treaty members had the same questions, which were answered through an exchange of views.

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TRANSNATIONAL ISSUES

12. (SBU) Narcotics: Burma underscored the importance of a coordinated global response to the drug problem. Citing UNODC data, Burma noted the continuing decline in opium production in ASEAN. Burma itself was cooperating with Thailand, Laos, and China on regional counter-narcotics programs. Burma urged U.S. support for ASEAN counter-narcotics efforts. In response, A/S Kelly emphasized the USG's ongoing interest in combating illegal narcotics, including support for ASEAN's ambitious goal of making the region drug-free by 2015. He called on ASEAN to intensify efforts to stop narcotics production, including the production and trafficking of amphetamines. Citing its cooperation with Burma on sustainable development projects in Shan State, Thailand noted the importance of market access in fostering the economic growth to wean poor communities from reliance on the drugs trade. Thailand welcomed U.S. and other third-party support for increasing market access for products from the Greater Mekong Subregion (GMS).
13. (SBU) Trafficking in Persons: A/S Kelly stated that trafficking in persons (TIP) is a significant problem and called for greater U.S.-ASEAN cooperation to mitigate the problem. He noted that the U.S. recently approved funding for a joint UN/World Vision TIP program in Burma. A/S Kelly outlined the December 2003 changes in U.S. TIP legislation, and urged ASEAN members to cooperate with the IOM in gathering and sharing TIP data. He highlighted U.S. TIP assistance to ASEAN of \$17 million in FY 2003, including support for victims, counter-trafficking, and prosecutions. USG assistance will be expanded to all ASEAN members in FY '04, he added.
14. (SBU) MANPADS/Other Transnational Issues: A/S Kelly encouraged ASEAN to adopt the stricter controls urged by APEC, the G-8, and the Wassenaar Arrangement. In addition, he encouraged ASEAN members to use recent Wassenaar guidelines as a model for implementing global best practices on arms brokering. Export controls, he stressed, are an important issue for developing and developed countries alike. A/S Kelly also noted the importance of continued cooperation in fighting cyber crime, corruption and piracy.
15. (SBU) Vietnamese Assistant Minister Thanh noted that transnational crimes such as TIP, narcotics, and piracy are increasing in ASEAN. The 1999 ASEAN Plan of Action on transnational crime fosters regional cooperation in eight priority areas, including money-laundering, cyber crime, narcotics, piracy, and TIP. Thanh stated that ASEAN will be a cooperative and willing partner with the U.S. in countering

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these transnational crimes. He called on the U.S. and other international donors to remember the importance of enhanced development cooperation as a means of limiting developing countries' susceptibility to transnational crime. Thanh asked that U.S. law enforcement agencies provide additional technical assistance to ASEAN counterparts, and called for an upgrading of ILEA Bangkok's ability to train regional law enforcement personnel. He suggested that U.S. and ASEAN member country embassies designate contact/liaison officers to enhance coordination.

16. (SBU) HIV/AIDS: USAID Acting Assistant Administrator Gordon West noted that the impact of HIV/AIDS in Asia would continue to increase in coming years, prompting increased social and economic consequences and a growing need for anti-retroviral therapies. Emphasizing the importance of anticipating and managing the epidemic through resource mobilization and management, West noted President Bush's dramatic increase in USG financial commitments to fight HIV/AIDS through a \$1 billion contribution to the Global Fund and other support.

17. (SBU) Responding for ASEAN, Cambodia welcomed the U.S. contribution to the Global Fund and other multilateral efforts to combat HIV/AIDS and encouraged continued USG cooperation. Outlining its domestic HIV/AIDS situation, Cambodia noted success in reducing the infection rate from 3 percent to 2.6 percent as of 2002. Malaysia underscored the importance of reducing access barriers to pharmaceuticals used to treat HIV/AIDS. Citing a recent meeting with the Global Fund executive director in Geneva, ASEAN Secretary General Ong said that the Fund is prepared to consider supporting ASEAN HIV/AIDS programs, and added that Singapore plans to contribute \$1 million to the Fund over five years. Thailand encouraged high-level participation in the international HIV/AIDS conference, to be hosted in Bangkok later in the year.

18. (U) Environment: Laos stressed the importance of transnational cooperation, noting the 2003 ASEAN agreement on trans-border forest fire haze. ASEAN hoped to deepen its environmental cooperation with the U.S., as well as with the ASEAN-plus-3 and other multilateral fora. ASEAN was considering the creation of an ASEAN environment fund, and planned to meet the Millennium Development goals. Laos urged the U.S. to provide environmental assistance to ASEAN in the form of capacity building and technology transfer.

19. (U) Bangkok REO Ted Osius highlighted environmental protection, natural resource management, and transboundary cooperation as the three major components of sustainable environmental development within ASEAN. Through the USAEP and other assistance programs, the U.S. is engaged in water, energy, climate, health, science, forestry, fish/ocean, and

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environmental governance programs in ASEAN. Trade liberalization reinforces sound environmental practices, and U.S.-negotiated TIFAs and FTAs recognize the central role of environmental issues in trade. Given limited government capacity, enhanced civil society participation is a key means of improving cooperation on protecting the environment. Hailing the ASEAN haze pact cited by Laos, Osius also noted U.S. support for Mekong River Commission programs as an

example of transborder environmental cooperation. Osius urged cooperation against illegal trade in timber and animals, and reiterated U.S. commitment to the UN Framework Convention on Climate Change.

20. (U) Malaysia called for high-level participation from the U.S. and ASEAN member countries at the 7th conference of parties on biodiversity, to take place in Kuala Lumpur in February.

----- ECONOMIC ISSUES -----

21. (U) Thailand opened the discussion by urging renewed efforts to strengthen the regional economic and trading system. Thailand welcomed USTR Zoellick's January 11 letter reiterating USG proposals for sharp cuts in tariff barriers and agricultural subsidies. Thailand also urged the USG to reform its own farm subsidy policies. Thailand recognized the growing trend toward regional and bilateral FTAs.

22. (U) Department of Commerce Director Phil Agress said that the U.S. is focused on a successful conclusion to the Doha Round. In the wake of the WTO ministerial in Cancun, the U.S. is very interested in regaining momentum and ensuring that 2004 not become a "lost year" for trade liberalization. To this end, he said the U.S. places highest priority on measures to improve market access for agricultural products, goods, and services. On agricultural products, the U.S. supports elimination of export subsidies and limitations on trade-distorting domestic supports. Within the Singapore issues, it may be most productive to focus on trade facilitation, which appears to enjoy the greatest level of support among WTO members.

23. (U) Referring to recent consultations with EU Trade Commissioner Pascal Lamy in Indonesia, ASEAN Secretary General Ong said the U.S. and EU appear to be working together to move the Doha Round process ahead. He added that ASEAN should work with the U.S. to catalyze the Doha Round. The U.S.-ASEAN Business Council (USABC) noted its full support for the Doha Round, and added that bilateral agreements are supportive of overall efforts to foster multilateral liberalization. The ASEAN Business Advisory

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Council (ABAC) expressed concerns about ASEAN farmers' inability to compete with U.S. agribusiness firms that are bigger, better able to deal with anti-terrorism security measures, and benefit from "hidden support" in the form of better communications, electricity, and other infrastructure.

24. (SBU) A/S Kelly stressed the importance of ASEAN to the U.S. economy, and as an engine of global growth. The 2003 APEC Leaders Meeting in Bangkok made impressive commitments on trade and security which required action, he said. Improving performance on transparency and corruption would help ASEAN attract additional investment. A TimeWarner representative with the USABC underscored the need for ASEAN members to make concrete progress on intellectual property protection, transparency, and security. Noting the slackening of U.S. investment in ASEAN since the financial crisis, Agress highlighted the importance of fostering a positive climate for foreign investment. The USABC agreed, observing that ASEAN governments sometimes appear to emphasize economic stability at the expense of structural reform and should focus on addressing transparency, corruption, and other issues.

25. (SBU) Vietnam asked for USG and U.S. private sector cooperation and technical assistance in its preparations for hosting the APEC 2006 Leaders Meeting. Vietnam expressed its appreciation for USG efforts to conclude bilateral TIFAs and FTAs in the region, but called on the U.S. to support a multilateral U.S.-ASEAN TIFA.

----- Development Cooperation and Dialogue Relations -----

26. (U) Permanent Secretary Tej thanked the U.S. for hosting the recent meeting of the Informal Coordinating Mechanism, which reviews U.S. supported projects under the ASEAN Cooperation Plan (ACP). To help projects involve ASEAN as a whole, he noted that the recent meeting of the ASEAN Standing Committee agreed to develop guidelines or best practices. Tej recognized the difficulty of squaring ASEAN's need for a

region-wide approach with U.S. constraints on funding for some ASEAN member countries, and pledged that Thailand will do its best to help implement ACP projects. Secretary General Ong cited cooperation with the U.S. on standards and conformance, noting that the agreement for this work will come to an end this year. He hoped that in coming months we could identify remaining issues in this area for further action.

----- Date and Venue of the 18th ASEAN - U.S. Dialogue Meeting -----

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27. (U) Assistant Secretary Kelly proposed that the 18th Dialogue meeting take place before the end of the year in Washington. ASEAN agreed.
JOHNSON

Additional Addressees:
None

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